



Iowa Manufactured Housing Association

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MH ORDERS UP IN 2013

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Iowa retailers ordered 313 HUD code manufactured homes during 2013, an increase of 15.5% over orders in 2012. IMHA has shipment records dating back to 1961. In a statistical oddity, Iowa has never been in the range of between 300 to 400 orders. This year ends a streak of five consecutive years of under 300 orders. The worst year in the history of our industry was 2009, when only 208 homes were ordered. This year marks the 12th consecutive year of fewer than 1000 homes ordered. The longest streak of over 1000 homes ordered was the 18 years from 1964 through 1981. Iowa had another long run of 14 consecutive years over 1000 homes ordered from 1988 through 2001. Over the past 53 years, 90, 349 mobile and manufactured homes have been ordered from factories by Iowa retailers. This is an average of about 1705 homes per year.

North Central States Rankings for 2013

In the twelve state north central region of the U.S., five states had more percentage growth of orders in 2013 than Iowa: Indiana, 36%; Wisconsin, 29%; Ohio, 23%; Minnesota, 22% and Nebraska, 18%. States in the

region with less percentage growth than Iowa were as follows: North Dakota, -47%; South Dakota, -16%; Kansas, -13%; Illinois, -2%; Michigan, 11%; and Missouri, 15%.

Here are the rankings of the 12 states in the north central region for 2013: 1. Michigan (1598) 2. Indiana (1138) 3. Ohio (971) 4. Missouri (800) 5. North Dakota (774) 6. Illinois (732) 7. Minnesota (437) 8. South Dakota (387) 9. Kansas (356) 10. Iowa (313) 11. Wisconsin (306) 12. Nebraska (244)

Product Mix for 2013

In 2013 Iowa continued its trend of single sectioned orders, which were 69% of the product mix. The total of 216 single sectioned orders placed Iowa in the 28th position in the U.S. Our 97 multi sectioned homes placed us in the 40th position. Overall, our 313 orders rank Iowa as 34th in the U.S.

2013 is the third consecutive year of 50% market share for single sections, reversing a 13 year consecutive run of multi-sectioned homes garnering the consumer preference. The highest percentage of multi-sectioned homes occurred in 2003, when 75% of the orders were multi-sectioned homes.

This year is the highest single sectioned year since 1992, when 72% of the homes were singles. This trend may continue with wages of our customer base not increasing and with more manufactured housing

communities securing retailer licenses in order to have spec homes available for customers. In 2012, single sectioned orders grew by 9% over 2011. In 2013, the growth was 10%, from 59% of the product mix, to 69%.

IMHA Dues: Fully Deductible

At this time of the year, we get calls from members completing their tax returns. The question is whether IMHA dues are deductible. Under the Omnibus Budget Reconciliation Act of 1993, lobbying expenses are not deductible for federal income tax purposes. As you know, IMHA spends considerable time each year lobbying the state legislature and governmental agencies. According to the tax act, a percentage of each member's dues are declared nondeductible based upon the relationship between total lobbying expenses and total dues income. The law gives associations two options:

1. They can inform their members of the percentage of dues that is used for lobbying activities which in turn would not be deductible or

2. The association can pay a special tax for their lobbying activities so that their member's dues are fully deductible. As a member benefit, IMHA pays this special tax on your behalf so that you can deduct your entire member's dues.

Used Home Funding for 2013

The IMHA used home funding program was started in September of 2009, primarily because the shipment of new homes had dropped so much. This program is purely voluntary. With so many of the pre-owned homes being sold by our community members, it was a way to raise additional revenue, and the program mirrors the new home funding program. Most members are able to pass along the cost of either \$100 or \$150 per home to the consumer. Is that fair to the consumer? Consider the fact that IMHA persuaded the legislature to drop all subsequent use tax collections on a home after the home had been collected on once. Each time a pre-owned home is sold in Iowa, the consumer saves 6%.

In the four months of 2009, IMHA members paid \$8650 on 72 used homes. In 2010, the first full year of the program, \$26,000 was collected on 235 homes. In 2011, the best year for the used home program, \$32,650 was collected on 273 homes. In 2012, the money dropped to \$22,850 on 196 homes. Last year saw a great rebound to \$31,500 on 243 homes. Through 2013, \$121,500 has been raised on collections from 1019 used homes.

If this program had not been implemented, and if so many members had not participated, IMHA would have probably seen its reserve funds decreased by the amount of \$121,500.

Top Used Home Participants for 2013

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| Yes Communities | \$7650 |
| Hames Homes | \$5600 |
| Brenton Homes | \$3600 |
| Flummerfelt Homes | \$3300 |
| Eagle Ridge | \$2250 |
| Fawn Creek | \$1500 |
| Bon Aire | \$1200 |
| Century Homes | \$1050 |

Ripleys \$1000
Oaks MHP \$750

Free Employer Poster

As many of you know, there are both state and federal laws requiring notice to employees concerning various workplace laws. You can now get this poster, which covers both state and federal required notices, from Iowa Workforce Development. You can order as many posters as you want at no charge. Use this e-mail address IWD.CustomerService@iwd.state.ia.us and just ask for the employer poster. Be sure to include your mailing address. It will be two to three weeks before the new poster is mailed to you. If you'd rather call and ask for your poster, the phone number is 515-281-5387 or 1-800-562-4692. The mailing address is 1000 East Grand, Des Moines, Iowa 50319.

Bill Passed by Senate to Preserve Rural Housing

The Farm Bill will enable millions of Americans to continue to take advantage of key rural housing programs, according to National Association of Home Builders Chairman Rick Judson. The Agricultural Act of 2014 (HR 2642) includes language that will allow more than 900 communities nationwide to maintain their status as 'rural' areas, which in turn will enable their low-income residents to use USDA rural housing programs to obtain homes or rental housing. The legislation also extends the population definition of a rural area to 35,000 until after the 2020 census. The key provision defining a rural community should lead to \$1.2 billion more investment in housing in rural areas, including new single-family and multifamily construction and remodeling, NAHB adds. The House and

the Senate recently approved the measure.

2014 Spending Bill Passes Congress: Includes Manufactured Housing Provisions

As was widely reported in the press in mid-January, Congress passed and the President signed into law (P.L. 113-76) an omnibus spending package for the federal government for fiscal year 2014. The legislation keeps the government operating for the next year and avoids the shutdowns and sequesters experienced in the previous fiscal year.

There were several provisions in the bill related to manufactured housing.

While the legislation provides for the salaries and expenses at the Office of Housing, appropriators also added important MHI-backed language relative to the industry:

... that the Secretary shall ensure that an administrator of the Office of Manufactured Housing has been selected and begun such administration within 120 days of enactment of this Act: Provided further, That the funds made available under this heading shall be reduced by \$50,000 for each day that the Department is in violation of the previous proviso and any such funds shall be rescinded.

With the inclusion of this language into the Omnibus, Congress is putting pressure on HUD Secretary Shaun Donovan to get an administrator in place – quickly. In the event Secretary Donovan fails to do so, his budget will be reduced \$50,000 a day. With this language in place, MHI will continue its efforts to lobby HUD to appoint an Administrator to fully implement the manufactured housing program.